The following is a summary of activities supported by the Public Justice Foundation of Texas during calendar 2010.

All of the projects detailed below were carried out by Texans for Public Justice, a 501(c)4 non-profit organization. The Public Justice Foundation of Texas is an independent 501(c)3 research foundation whose primary purpose is to raise funds and provide grants to support specific tax-exempt research and public educational activities of Texans for Public Justice which are approved by the foundation’s directors. In 2010, as in all previous years, expenditures and grants made by the Public Justice Foundation of Texas were made exclusively to Texans for Public Justice.

Sections:

- Program Highlights & Collaborations
- Major Reports
- Lobby Watch
- Public Assets Project
- Litigation & Ethics Enforcement
- Data Collection & Enhancement
- Board of Directors
- Financial
Highlights & Collaborations:

- **Corporate Subsidies:** A primary focus of our Public Assets Project in 2010 was to analyze the effectiveness of the state’s primary economic development programs. We produced two comprehensive studies detailing the shortcomings of the state’s premier economic development initiative – The Texas Enterprise Fund – attracted widespread attention from the media and policy makers. These reports, the first detailing the Enterprise Fund’s accomplishments in calendar 2008, the second in 2009, marked the first time anyone outside of the governor’s office attempted to objectively track the performance of this $750 million program. Both reports concluded that the job creation numbers attributed to the program were wildly inflated. Due to our research the merits of the Enterprise Fund became a prominent issue in both the March Republican Primary campaign and the November general election. A number of policy proposals to reform or abolish the program have been circulated by lawmakers.

  Our research into the Enterprise Fund prompted the Dallas Morning News to assign an investigative reporting team to look into the state’s other major development program, The Emerging Technology Fund. The News published several reports detailing questionable practices with the program. Collaborating with Good Jobs First, TPJ co-released a critical evaluation of Texas economic development programs with respect to public transparency.

- **Transparency Alliance:** Transparency and open government remained high on our agenda in 2010 and will remain so in 2011. During the past year we have collaborated with an informal alliance of advocacy organizations to develop a broad transparency agenda for state government as well as a more detailed agenda for the Texas Department of Information Services, the agency which oversees the web portals of each governmental department. Our recommendations have been presented to the Texas Sunset Commission and will be subject of the 2011 legislative session. In a recent positive development for transparency advocates, the Lt. Governor created a special Senate Committee to exclusively address issues of government transparency, open records and open meetings.
• **Conviction of Tom DeLay:** A major highlight of 2010 was the November criminal conviction of former House Majority Leader Tom DeLay on two felony counts of money laundering. The convictions stemmed from our 2003 discovery of DeLay’s illegal use of corporate funds in the November 2002 Texas legislative elections. Our findings, which were presented to the state’s Public Integrity Unit prosecutors, led to the indictment of DeLay, two of his colleagues and eight corporations. TPJ Director Craig McDonald was a key prosecution witness in DeLay’s November trial.

• **The Texas Observer:** Almost since its inception, Texans for Public Justice has collaborated with the *Texas Observer*. Observer reporters frequently turn to TPJ for numbers or insights on campaign finance or the lobby. As a highlight of that collaboration during 2010, we jointly produced a special section of the magazine entitled, “**Who owns the Lege?**” which was published in January 2011. TPJ Research Director Andrew Wheat is a contributing writer at the Observer which has welcomed investigative reports that are related to TPJ’s work (see [Speak No Evil: How a Freeport Land Grab Burned a Conservative Lawmaker’s Rich Clan.](#))

• **West Texas Nuclear Dump:** Our organization stepped into the fight over the expansion of the West Texas nuclear waste dump in a larger way in 2010. We joined with a number of safe energy and environmental organizations to develop testimony and research in opposition to opening the Andrews County facility to nuclear waste shipment from across the country. We are committed to assisting the dump’s critics in their ongoing efforts to limit nuclear waste dumping in the state.
Major Reports:  $46,950.

PJFT provided support for the production of four major research reports produced by Texans for Public Justice.

Total financial support for Major Reports:  $46,950.

**Major Report Summaries**

**Race for Campaign Cash: Fundraising Totals and Donor Lists for Texas Candidates.** This was a series of five reports tracking fundraising for all major party legislative and statewide candidates appearing on the March 2 primary election ballot and appearing on the November general election ballot. The reports provided readers with complete donor lists for each of the 200-plus candidates profiled as well as fundraising totals and cash on hand amounts. The reports were published in “real time” based on contribution data filed with the Texas Ethics Commission at various times through the 2010 election season. The latest of the report series published in November, 2010 can be viewed here at TPJ.

**No Donor Left Behind: Governor Perry Pockets $6 Million from his Regent Appointees** (April, 2010) This report details contributions to the governor from the 155 individuals he has appointed to serve as regents of Texas higher education institutions. Read the report at TPJ.

**Austin’s Oldest Profession: Texas Top Lobby Clients and Those Who Service Them** (May, 2010) Special interests spent up to $344 million on Texas lobbying contracts in 2009, a slight dip from the $348 million that they spent in the previous legislative year (2007). This marks the only time in a decade when lobby spending did not skyrocket from one legislative year to another, according to the new edition of TPJ's biennial analysis of the Texas lobby. Read the report at TPJ.
Major Reports Con’t:

Governor Perry’s Patronage (September, 2010)  Governor Perry received $17 million in campaign contributions from his political appointees and their spouses, according to a new TPJ report. One out of every $5 raised by Governor Perry since 2001 has come from appointees or their spouses. Read the report at TPJ.

Rick Perry & Bill White’s Mega-Donors Talled (October, 2010)  Report tallies these gubernatorial candidates’ career “mega-donors” – those that have contributed $100,000 or more to Perry and White. Read the report at TPJ.
Lobby Watch Reports: $42,000

PJFT provided support for Texans for Public Justice’s ongoing publication, “Lobby Watch.”

Total financial support for Lobby Watch: $42,000.

*Lobby Watch* is TPJ’s periodic newsletter that tracks special interests seeking legislative and regulatory favors. The newsletter exposes who these interests are, what they want and how much they pay for it through campaign contributions and lobby efforts.

**Summary of Lobby Watch Reports**

**Bob the Builder Invests in Judges As Lemon-Home Trial Begins** (February, 2010) As a new round of litigation in the decade-old Cull v. Perry Homes case heats up in a Fort Worth district court, TPJ revisits Bob Perry’s judicial influence. Read the Lobby Watch at TPJ.

**Political Juice Amped Up $5 Billion Power-Grid Contracts** (March, 2010) The Texas Public Utility Commission awarded almost $5 billion in electrical-grid contracts to energy companies. The contractors' PACs and executives, in turn, pumped almost $5 million into state elections over the past five years. Grid contractors also spent up to $45 million on Texas lobbyists during this period. Read the Lobby Watch at TPJ.

**Texans for Lawsuit Reform Sustains Pricey Primary Hits** (March, 2010) TLR contributed $602,290 to 28 candidates in contested primaries on March 2nd, blowing a total of $316,675 to shore up four incumbents who voters chose to retire. Read the Lobby Watch at TPJ.

**Political Juice Amped Up $5 Billion Power-Grid Contracts** (March, 2010) The Texas Public Utility Commission awarded almost $5 billion in electrical-grid contracts to energy companies. The contractors' PACs and executives, in turn, pumped almost $5 million into state elections over the past five years. Read the Lobby Watch at TPJ.
School Children Must Match Refineries' Influence on Perry  (April, 2010) Refinery interests that gave Governor Perry more than $1 million are seeking a huge property-tax break from Perry's environmental appointees. The proposed tax breaks are on equipment that removes sulfur from diesel fuel. Little of the clean-air benefits used to rationalize the tax break would accrue to the smoggy communities and schools that would pay for it. Read the Lobby Watch at TPJ.

Nuclear Compact with the Devil?  (April, 2010) How can Governor Perry's appointees regulate the flow of out-of-state nuclear waste into a West Texas dump that happens to be owned by a huge gubernatorial donor? Read the Lobby Watch at TPJ.

Sibley Asks Voters to Rehire a Hired Gun  (May, 2010) Revolving-door lobbyist David Sibley, who has earned up to $15.6 million from special-interests since departing the legislature in 2002, is expected to ride back into the Pink Building on the strength of his huge, client-funded war chest. Read the Lobby Watch at TPJ.

Which Doctors back whom in Zedler-Turner race?  (September, 2010) The 'Texas Tribune' recently exposed how former Republican Rep. Bill Zedler used his legislative office to run interference for doctors subject to Texas Medical Board disciplinary reviews. 'Lobby Watch' follows up to see which doctors back whom in Zedler's campaign to reclaim his seat from Democratic Rep. Chris Turner of Arlington. Read the Lobby Watch at TPJ.

Hill Country Electric Lines Spark New Power Struggle  (September, 2010) The Texas Public Utility Commission could axe two massive transmission-line proposals to help move electricity from windy West Texas to the state's population centers. The PUC could free up—or bottle up—huge amounts of clean wind power. It also could save—or cost—ratepayers hundreds of millions of dollars. Read the Lobby Watch at TPJ.
Lobby Watch Reports Con’t:

TLR, ART & Speaker Divide GOP-Majority Work
(October, 2010) Speaker Joe Straus’ Democratic allies complain that his financing of incumbent Republicans frees up other GOP players to target sitting Democrats. Lobby Watch follows the money, finding an almost perfect division of labor between Straus and the incumbent-targeting Associated Republicans of Texas. Read the Lobby Watch at TPJ.

Treasurer of Notorious Leininger PAC Runs For Railroad Commission (Oct, 2010) In a likely case of GOP voters balking at a Hispanic name, David Porter overcame a huge funding advantage to knockout incumbent Texas Railroad Commissioner Victor Carrillo in the March primary. Read the Lobby Watch at TPJ.

Gambling Industry Bet Against Republican-Dominated House (Dec, 2010) Indian tribes and gambling PACs gave almost $1 million to Texas House candidates this round, directing 80 percent of it to beleaguered Democrats. Almost two-thirds of that money went to losers. The new Lobby Watch documents how professional gamblers ignored the odds to make risky bets against those who will now run the House. Read the Lobby Watch at TPJ.

Simmons Raises Stakes at Nuke Dump (Dec, 2010) Before he contributed $500,000 to Governor Perry in of 2010, Dallas billionaire Harold Simmons previously gave Perry another $620,000. This $1.1 million pile of cash is dwarfed by the enormity of what Simmons demands in return. Soon six Perry appointees will vote on Simmons' application to turn Texas into the nation's low-level nuclear waste dump. Read the Lobby Watch at TPJ.
PJFT provided support for the Public Assets Project, a research initiative undertaken by Texans for Public Justice in 2007.

Total financial support for Public Assets Project: $28,000.

In April 2007, Texans for Public Justice unveiled a new project focused on the misuse and abuse of the public commons. The Watch Your Assets series investigates how private interests profit off such public assets as tax dollars and such basic resources as the air, water and land. The Watch Your Assets reports also draw connections between the companies profiting off public resources and the political influence that steers public assets into private hands.

As an innovator in privatization efforts, the state of Texas is a case study rich with dreams and schemes on how to transfer public assets to the private sector. “Watch Your Assets” has investigated topics ranging from water privatization, economic development incentives, tax breaks, health and human services privatization and eminent-domain powers.

A major focus of our research in 2009-2010 targeted the performance of the state’s primary economic development and job creation program, The Texas Enterprise Fund. Our research was presented in two major reports, the first tracking the fund’s job creation results for calendar 2008, the second for calendar 2009. Summaries of the reports, each of which received widespread attention are below.

Some common themes have emerged in our reports. Private companies are profiting while the public at large is losing out, whether through misuse of public money or mismanagement of limited natural resources such as clean, fresh water. Public dollars flow to private companies, while essential public works projects are starved of financial resources. Often the neediest are hurt, while wealthy corporations benefit. Once public resources are transferred to private hands, local and state governments exercise inadequate oversight facilitating abuse, manipulation and neglect. Governments impose few penalties on private companies that are poor stewards of public resources.
Public Assets Project Con’t:

Watch Your Assets Reports Published in 2010

Governor Perry’s Pet Jobs Program Suffers Its Own Recession (January 2010) An analysis of 45 Texas Enterprise Fund projects that received a total of $363 million in tax subsidies finds that a growing number of the recipients defaulted on their job-creation pledges in 2008, with even more defaults expected for 2009. Much of the work on this report was undertaken in 2009. Read the report at TPJ.

T. Boone's Oil & Water Law Don't Mix (July, 2010) T. Boone Pickens' water company is urging the Texas Supreme Court to model state water law after Texas laws that govern oil and gas. Pickens' water-law scheme is a recipe for disaster if you don't happen to be an octogenarian billionaire. Read the report at TPJ.

Phantom Jobs: Governor Perry's Enterprise Fund Falls Further Behind On Its Promises (September, 2010) Two-thirds of the Texas Enterprise Fund (TEF) projects that faced job-creation targets for 2009 failed to deliver the jobs that they originally promised in exchange for $368 million in public funding, a new Texans for Public Justice study finds. This marks a sharp increase from the 42 percent of TEF projects that were so compromised just one year earlier. Read the report at TPJ.
Litigation & Ethics Enforcement: $34,000

Total financial support for Ethics/Litigation: $34,000.

PJFT supports TPJ’s work in support of open and accountable government. Ethics and litigation activities in 2010 included:

**Citizen’s United vs. FEC** (January, 2010) TPJ served as a media resource and sharp critic of the U.S. Supreme Courts pro-corporate ruling in this high-profile case. TPJ continues to be a media resource on the ruling.

**Ethics Complaint Filed Against Appellate Judicial Candidate Melissa Goodwin** (March, 2010) TPJ filed an official complaint against a judicial candidate who appeared to have accepted nearly half her campaign funds in illegal loans. Complaint remains pending. Read more at TPJ.

**Open Records Litigation** (March, 2010) TPJ filed an amicus brief in a case before the Texas Supreme Court which threatens public access to state documents. Supreme Court ruled against the open government position. Read more at TPJ.

**TPJ Complaint Against Court of Criminal Appeals Chief Justice Results in Record Fine.** (April, 2010) As a result of a TPJ complaint filed in 2009 alleging that Texas Court of Criminal Appeals Presiding Judge Sharon Keller illegally failed to disclose millions of dollars worth of real estate holdings in sworn personal financial disclosure statements the Texas Ethics Commission levied a record fine in the amount of $100,000. The fine is under appeal. Read the details at TPJ.

**TPJ Files Complaint Against Supreme Court Candidate** (April, 2010) TPJ filed a complaint with the Texas Ethics Commission alleging that Supreme Court candidate Debra Lehrmann appeared to have violated state election laws by accepting contributions that exceeded the legal limits. Complaint remains pending. Read the details at TPJ.
Litigation & Ethics Enforcement Con’t:

TPJ Files Complaint Against Gov. Perry Over Undisclosed Expenditures  (June, 2010)  TPJ filed an ethics complaint today alleging that Governor Perry's campaign violated disclosure laws by not itemizing how it spent $816,000 on mansion-related expenditures such as food, drinks, cable TV and chefs. The complaint is pending.  Read the details at TPJ.

Ethics Commission fines Board of Education Member Rene Nunez  (July, 2010)  Based on TPJ complaint filed in October 2009, alleging Nunez failed to report gifts from a company seeking an investment contract with the board, The Commission fined Nunez $400.  Read the details at TPJ.

TPJ Files Ethics Complaint Against Houston Tea Party Organization  (October, 2010)  TPJ filed a formal complaint with the Texas Ethics Commission alleging that Tea Party groups the King Street Patriots and KSP/True the Vote have violated the state’s prohibition on corporate contributions to political parties and candidates. Complaints remain pending.  Read the details at TPJ.

TPJ Plays Major Role in Tom DeLay Prosecution  (November, 2010)  In March 2003, TPJ filed a formal complaint with the Travis Country prosecutors detailing how Tom DeLay violated state campaign finance laws during the 2002 November elections.  TPJ director, Craig McDonald was the lead prosecution witness in DeLay’s November criminal trial which resulted in a guilty verdict on felony counts of conspiracy and money-laundering.
Data Collection & Enhancement: $32,500

PJFT provides support for Texans for Public Justice to maintain and update its comprehensive databases of campaign contributions and lobbying contracts in Texas.

Total financial support for data collection: $32,500.

- In 2010 TPJ added over a million campaign contribution records to our databases.

- In 2010 TPJ added over 8,000 lobbying contract records to our databases.

TPJ is Texas’ only public-interest group that amasses comprehensive data on campaign contributions and lobbying expenditures. After gathering these data, TPJ enhances their value by identifying the economic interests behind Texas PACs, campaign contributors, and lobby clients. Although onerous, this work allows TPJ alone to: Rank the state’s top donors, PACs, and lobbyists; Analyze political money by industry; and Identify emerging political trends.

Keeping these huge databases current requires a full-time database specialist and a part-time researcher. After major filing dates for campaigns and lobbyists, these employees require additional assistance from interns or temporary employees.

During 2010 TPJ added more than million campaign-contribution records to our databases. From these transactions, TPJ identified and assigned unique contributor identification numbers and economic-interest codes to tens of thousands of previously unidentified major donors.

TPJ also maintains a database of approximately 100,000 state lobby contracts dating back to 1995. TPJ identifies the interests of each lobby client and assigns them an economic-interest code, which allows us to comprehensively analyze the lobby. During 2010 we added over 8,000 lobbying contracts to our database.
Public Justice Foundation
Board of Directors

Craig McDonald, President
McDonald is the Director of Texans for Public Justice

Andrew Wheat, Secretary
A journalist by training, Wheat has written for numerous progressive publications including the Nation, the Multi-National Monitor, Texas Monthly and the Texas Observer. Wheat currently is employed as Research Director of Texas for Public Justice.

Tom “Smitty” Smith, Board Member
Thomas “Smitty” Smith is an institution among progressive Texas advocates. Smitty has been employed as the director of the Texas Public Citizen office since 1985. Prior to that he worked with Texas Rural Legal Aide and as a staff member in the Texas Legislature.

Margaret Justus, Board Member
Margaret served as assistant press secretary to former-Governor Ann Richards. She also served as Texas spokesperson for the 1996 Clinton-Gore campaign and remains active in liberal politics in Texas.

Thomas Tobin, Board Member
Tobin is former national organizing director for Public Citizen’s Washington office. He currently is V.P. of Development for Global Impact, a consortium of progressive charities focusing on poverty in the third world.
Financial

Total income to PJFT calendar 2010: $169,602.04.
Total Grants/Expenditures calendar 2009: $187,800.*

Funding is provided by individual contributors and foundation grants. PJFT does not accept government or corporate grants.

Foundation support was provided by:

The Magnolia Trust
The Open Society Institute
The Winkler Foundation
Contributions from individual Texas donors.

Copies of IRS Forms 990 for The Public Justice Foundation and Texans for Public Justice are available upon request.

* All grants & expenditures were made to Texans for Public Justice, a 501(c)4 organization. Texans for Public Justice does not engage in direct or grassroots lobbying activity. None of the funds expended by The Public Justice Foundation of Texas supported direct or grassroots lobbying activity.